

MUNIHOLDINGS NEW JERSEY INSURED FUND INC
Form N-30D
March 13, 2002

[LOGO] Merrill Lynch Investment Managers

Semi-Annual Report

January 31, 2002

MuniHoldings
New Jersey
Insured Fund, Inc.

www.mlim.ml.com

MuniHoldings New Jersey Insured Fund, Inc.

The Benefits and Risks of Leveraging

MuniHoldings New Jersey Insured Fund, Inc. utilizes leverage to seek to enhance the yield and net asset value of its Common Stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, the Fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the Fund's Common Stock. However, in order to benefit Common Stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Stock shareholders. If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.

To illustrate these concepts, assume a fund's Common Stock capitalization of \$100 million and the issuance of Preferred Stock for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. The fund pays dividends on the \$50 million of Preferred Stock based on the lower short-term interest rates. At the same time, the fund's total portfolio of \$150 million earns the income based on long-term interest rates. Of course, increases in short-term interest rates would reduce (and even eliminate) the dividends on the Common Stock.

In this case, the dividends paid to Preferred Stock shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Stock shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Stock will be reduced or eliminated completely. At the same time, the market value of the fund's Common Stock (that is, its price as listed on the New York Stock Exchange) may, as a result, decline. Furthermore, if long-term interest rates rise, the Common Stock's net asset value will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Stock does not fluctuate. In addition to the decline in net asset value, the market value of the fund's Common Stock may also decline.

As a part of its investment strategy, the Fund may invest in certain securities

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whose potential income return is inversely related to changes in a floating interest rate ("inverse floaters"). In general, income on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Investments in inverse floaters may be characterized as derivative securities and may subject the Fund to the risks of reduced or eliminated interest payments and losses of investment principal. In addition, inverse floaters have the effect of providing investment leverage and, as a result, the market value of such securities will generally be more volatile than that of fixed rate, tax-exempt securities. To the extent the Fund invests in inverse floaters, the market value of the Fund's portfolio and the net asset value of the Fund's shares may also be more volatile than if the Fund did not invest in these securities.

The Fund may also invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities.

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TO OUR SHAREHOLDERS

For the six-month period ended January 31, 2002, the Common Stock of MuniHoldings New Jersey Insured Fund, Inc. earned \$0.433 per share income dividends, which included earned and unpaid dividends of \$0.073. This represents a net annualized yield of 5.94%, based on a month-end net asset value of \$14.47 per share. Over the same period, the total investment return on the Fund's Common Stock was +2.69%, based on a change in per share net asset value from \$14.54 to \$14.47, and assuming reinvestment of \$0.426 per share income dividends.

For the six months ended January 31, 2002, the Fund's Auction Market Preferred Stock had an average yield as follows: Series A, 1.67%; Series B, 1.81%; Series C, 1.86%; Series D, 1.71%; and Series E, 1.86%.

The Municipal Market Environment

Throughout most of the six-month period ended January 31, 2002, long-term fixed-income interest rates exhibited considerable volatility. During the January 2002 period, long-term US Treasury bond yields registered slight declines while long-term municipal bond yields were largely unchanged. From early summer through early September 2001, fixed-income yields generally declined. Weak economic growth, exemplified by declines in industrial production and large losses in employment, easily outweighed modest strength in consumer confidence and spending. Consensus was that a meaningful US economic recovery was unlikely before early 2002. Consequently, US equity markets remained under pressure and fixed-income instruments benefited. By the end of August 2001, the Federal Reserve Board had lowered its target for short-term interest rates to 3.50%, cutting interest rates by 300 basis points (3.00%) during the first eight months of 2001.

By early September there were some, albeit few, indications pointing toward the beginning of a US economic recovery. Immediately following the tragedy of the World Trade Center and Pentagon attacks, however, all such indications effectively vanished. After anemic economic growth of just 0.3% during the second quarter of 2001, US gross domestic product growth was reported to have declined 1.3% during the third quarter of 2001. The Federal Reserve Board quickly lowered short-term interest rates an additional 50 basis points

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immediately following the terrorist attacks, just prior to the reopening of the stock exchanges. This marked the eighth time in 2001 that the Federal Reserve Board had eased monetary conditions. Despite the events of September 11, the Federal Reserve Board noted that the nation's long-term economic prospects remained favorable.

Initially, long-term interest rates rose during the days following the September 11 attacks. The quick response by both Federal and state governments to stabilize, aid and revive US business activities, promptly improved fixed-income investors' confidence. Investor attention again focused on weak US economic fundamentals and on a financial environment further impaired by the economic losses resulting from the recent attacks. In addition to the immediate loss of four days of equity trading and air transportation, including air cargo transfers, US consumer confidence was expected to be severely shaken, resulting in weaker consumer spending and, eventually, diminished business manufacturing. By September 30, 2001, US Treasury bond yields declined to 5.42%, their approximate level before the September attacks.

In early October, the Federal Reserve Board lowered short-term interest rates an additional 50 basis points to a target of 2.50%, the lowest rate in nearly 40 years. US economic reports continued to be very weak, pushing US equity prices lower in early October and bond prices higher. US military reprisals in Afghanistan also helped support higher bond prices as investors sought the safe haven of US Treasury obligations. At the end of October, the US Treasury announced that it would no longer issue 30-year maturity bonds, triggering an explosive fixed-income rally as investors scrambled to purchase soon-to-be-unavailable issues. By the end of October, long-term US Treasury bond yields declined to 4.87%, falling more than 50 basis points in October 2001. Despite additional decreases in its short-term interest rate target to 1.75% by the Federal Reserve Board, long-term fixed-income markets were unable to hold their October gains. Rapid, significant US military success in Afghanistan, stronger-than-expected retail sales, and recovering US equity markets combined to suggest to many investors that a US economic recovery was far more imminent than had been expected earlier in the fall of 2001. Bond yields rose during November and December 2001 as investors sold securities both to realize recent profits and in anticipation of an early reversal of the Federal Reserve Board's policy. By the end of December, long-term US Treasury bond yields rose to approximately 5.45%.

During January 2002, economic indicators were mixed and fixed-income bond yields remained volatile. The January index of leading economic conditions rose for the third consecutive month signaling that US economic activity is likely to expand later this year. However, employment trends, especially in manufacturing, remained weak suggesting that recent increases in consumer confidence and spending were fragile. In late January 2002, fourth quarter 2001 gross domestic product growth was initially estimated at 0.2%, reflecting only modest improvement of negative growth from the third quarter of 2001. At month end, the Federal Reserve Board ceased its aggressive series of interest rate reductions by maintaining its overnight interest rate target at 1.75%, a 40-year low. The Federal Reserve Board noted that while US economic activity was beginning to strengthen, it was still possible that earlier economic weakness could return should consumer spending decline. At the end of January 2002, long-term US Treasury bond yields stood at 5.43%, a decline of approximately 10 basis points during the past six months.

The municipal bond market displayed a very similar pattern during the January period. Long-term tax-exempt bond yields had generally declined through early September as strong investor demand easily outweighed sizable increases in new bond issuance. The disruption in the financial markets following the September 11 attacks also served to push tax-exempt bond yields higher. The municipal bond market was able to reorganize operations quickly, and tax-exempt bond yields declined in conjunction with US Treasury bond yields for the remainder of the

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six-month period. While municipal bond yields were unable to match the dramatic declines witnessed in the US Treasury market, tax-exempt bond prices rose strongly during late October. As measured by the Bond Buyer Revenue Bond Index, at the end of October 2001, long-term municipal bond yields stood at 5.23%, declining approximately 20 basis points during October.

Similar to its taxable counterpart, the long-term municipal bond market also was unable to maintain the improvements made in September and October 2001. In addition to a slightly stronger financial environment, increased tax-exempt bond issuance during the last three months of the period also put upward pressure on municipal bond yields. By the end of January 2002, long-term tax-exempt revenue bond yields rose to approximately 5.45%. During the last six months, tax-exempt bond yields rose less than five basis points.

Interest rates appear likely to remain near current levels in early 2002 as US economic conditions are expected to remain weak. However, going forward, business activity is likely to accelerate, perhaps significantly. Immediately after the September 11 attacks, the Federal Government announced a \$45 billion aid package for New York City, Washington, DC and the airline industry, with additional fiscal aid packages expected. The military response to these attacks will continue to require sizable increases in Defense Department spending. Eventually, this governmental spending should result in increased US economic activity, particularly in the construction and defense industries. This governmental stimulus, in conjunction with the actions already taken by the Federal Reserve Board, can be expected to generate significant increases in US gross domestic product growth some time in mid-2002.

As inflationary pressures are expected to remain well-contained going forward, increased economic activity need not result in significant increases in long-term bond yields. Also, throughout much of 2001, the municipal bond market exhibited far less volatility than its taxable counterparts. Since the strong technical position that supported the tax-exempt bond market's performance for much of 2001 can be

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expected to continue going forward, any potential increases in municipal bond yields also can be expected to be minimal.

Portfolio Strategy

During the six-month period ended January 31, 2002, we maintained a neutral position for the Fund relative to the municipal bond market. We continued our strategy of seeking to reduce the Fund's volatility by selling interest rate-sensitive issues. With the proceeds, we purchased bonds maturing in the 15-year - 20-year range. During the last three months, more than \$4 billion of long-term tax-exempt bonds was issued in New Jersey, with almost \$2 billion of it coming from one issue in December 2001. Despite the increased supply, retail and institutional demand remained strong. At this time, we expect to remain fully invested in an effort to enhance shareholder income.

The 475 basis point decline in short-term interest rates by the Federal Reserve Board in 2001 resulted in a material decrease in the Fund's borrowing cost into the 1% - 1.25% range. This decline, in combination with a steep tax-exempt yield curve, benefited the Fund's Common Stock shareholders from the leveraging of the Preferred Stock. Additional limited declines in short-term interest rates are expected this year. These declines should lead to lower borrowing costs for the Fund and increased yields for the Fund's Common Stock shareholders. However,

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should short-term tax-exempt interest rates rise, the benefits of leveraging will diminish and the yield paid to the Common Stock shareholder will decline. (For a complete explanation of the benefits and risks of leveraging, see page 1 of this report to shareholders.)

In Conclusion

We appreciate your ongoing interest in MuniHoldings New Jersey Insured Fund, Inc., and we look forward to serving your investment needs in the months and years ahead.

Sincerely,

/s/ Terry K. Glenn

Terry K. Glenn
President and Director

/s/ Kenneth A. Jacob

Kenneth A. Jacob
Senior Vice President

/s/ John M. Loffredo

John M. Loffredo
Senior Vice President

/s/ Robert D. Sneed

Robert D. Sneed
Vice President and Portfolio Manager

March 7, 2002

PROXY RESULTS

During the six-month period ended January 31, 2002, MuniHoldings New Jersey Insured Fund, Inc.'s Common Stock shareholders voted on the following proposal. The proposal was approved at a shareholders' meeting on December 12, 2001. The description of the proposal and number of shares voted are as follows:

		Shares Voted For

1. To elect the Fund's Directors:	Terry K. Glenn	20,525,467
	Robert W. Forbes	20,525,467
	Cynthia A. Montgomery	20,525,467
	Kevin A. Ryan	20,522,367
	Roscoe S. Suddarth	20,525,467
	Edward D. Zinbarg	20,523,386

During the six-month period ended January 31, 2002, MuniHoldings New Jersey

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Insured Fund, Inc.'s Preferred Stock shareholders (Series A-E) voted on the following proposal. The proposal was approved at a shareholders' meeting on December 12, 2001. The description of the proposal and number of shares voted are as follows:

	Shares Voted For

1. To elect the Fund's Board of Directors: Terry K. Glenn, Ronald W. Forbes, Cynthia A. Montgomery, Charles C. Reilly, Kevin A. Ryan, Roscoe S. Suddarth, Richard R. West and Edward D. Zinbarg as follows:	
Series A	1,349
Series B	1,320
Series C	2,024
Series D	1,877
Series E	1,112

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SCHEDULE OF INVESTMENTS

(in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
=====				
New Jersey--87.1%	AAA	Aaa	\$ 1,875	Atlantic Highlands, New Jersey, Highland Regional Sewer Revenue Refunding Bonds, 5.50% due 1/01/2012
	AAA	Aaa	700	Bergen County, New Jersey, Utilities Authority Series A, 5.375% due 12/15/2012 (b)
				Camden County, New Jersey, Improvement Authority Bonds (c):
	AAA	Aaa	1,540	5.50% due 9/01/2016
	AAA	Aaa	2,635	5.375% due 9/01/2019
	NR*	Aaa	430	Carteret, New Jersey, Board of Education, COP
	AAA	Aaa	5,710	Casino Reinvestment Development Authority, New Jersey Revenue Bonds, Series A, 5.25% due 10/01/2017
	AAA	Aaa	2,005	Delaware River and Bay Authority Revenue Bonds 1/01/2018 (a)
				Delaware River Port Authority of Pennsylvania Bonds (c):
	AAA	Aaa	5,000	5.50% due 1/01/2012
	AAA	Aaa	6,000	5.625% due 1/01/2013
	AAA	Aaa	500	5.75% due 1/01/2015
	AAA	Aaa	4,865	6% due 1/01/2018
	AAA	Aaa	5,525	6% due 1/01/2019

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AAA	Aaa	2,425	(Port District Project), Series B, 5.625% d
AAA	Aaa	7,895	East Orange, New Jersey, Board of Education, 8/01/2012 (c)
NR*	Aaa	1,000	East Orange, New Jersey, Water Utility, GO, R due 6/15/2022 (a)
NR*	Aaa	4,000	Essex County, New Jersey, Improvement Authori (Correctional Facility Project), 6% due 10/
NR*	Aaa	3,100	(County Correctional Facility Project), 5.7
AAA	Aaa	3,300	Essex County, New Jersey, Improvement Authori Refunding Bonds (County Jail and Youth House due 12/01/2024 (a)
AAA	Aaa	2,705	Essex County, New Jersey, Improvement Authori Bonds (d): (East Orange Franchise), 6% due 7/01/2018
AAA	Aaa	3,050	(Orange Franchise), Series A, 5.75% due 7/0
NR*	Aaa	1,100	Essex County, New Jersey, Utilities Authority Refunding Bonds, Series A, 4.80% due 4/01/201
NR*	Aaa	1,805	Ewing Township, New Jersey, School District, 5.30% due 8/01/2019
NR*	Aaa	1,780	5.30% due 8/01/2020
AAA	Aaa	1,240	Freehold, New Jersey, Regional High School Di 5% due 3/01/2016 (b)
AAA	Aaa	1,500	Hoboken, New Jersey, Parking Authority, Parki Series A, 5.30% due 5/01/2027 (a)
AAA	Aaa	2,040	Hopewell Valley, New Jersey, Regional School 5% due 8/15/2014 (b)
AAA	Aaa	1,255	Hunterdon, New Jersey, Central Regional High Refunding (c): 5.25% due 5/01/2014
AAA	Aaa	1,260	5.25% due 5/01/2015
AAA	Aaa	765	Jersey City, New Jersey, GO, Refunding, Quali 5.375% due 9/01/2017 (c)
NR*	Aaa	5,250	Lafayette Yard, New Jersey, Community Develop (Hotel/Conference Center Project--Trenton) (d 6% due 4/01/2010
NR*	Aaa	1,125	6.125% due 4/01/2010
NR*	Aaa	1,155	Lafayette Yard, New Jersey, Community Develop Bonds (Hotel/Conference Center Project--Trent 4/01/2017 (b)
AAA	Aaa	825	Lopatcong Township, New Jersey, Board of Educ 5.70% due 7/15/2010 (c) (e)
AAA	Aaa	1,000	Marlboro Township, New Jersey, Board of Educa 5.25% due 7/15/2017 (c)
AAA	Aaa	1,375	Middlesex County, New Jersey, COP (d): 5.50% due 8/01/2016

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AAA	Aaa	1,550	5.25% due 6/15/2023

			Middlesex County, New Jersey, Improvement Aut
			Bonds (Educational Services Commission Project
AAA	Aaa	3,970	5.70% due 7/15/2020
AAA	Aaa	5,270	6% due 7/15/2025

AAA	Aaa	500	Middlesex County, New Jersey, Improvement Aut
			(Senior Citizens Housing Project), AMT, 5.50%

AAA	Aaa	1,475	Middletown Township, New Jersey, Board of Edu
			5% due 8/01/2016 (c)

			Monmouth County, New Jersey, Improvement Auth
			Bonds (a):
AAA	Aaa	1,540	5.35% due 12/01/2017
AAA	Aaa	1,470	5.375% due 12/01/2018

NR*	Aaa	1,000	Monroe Township, New Jersey, Municipal Utilit
			County Revenue Refunding Bonds, 5.25% due 2/0

AAA	Aaa	2,304	Mount Laurel Township, New Jersey, Board of E
			8/01/2019 (b)

AAA	Aaa	3,060	New Jersey EDA, Construction Revenue Bonds, G
			Series A, 5.50% due 6/15/2012 (a)

A1+	NR*	4,500	New Jersey EDA, Economic Development Revenue
			(Foreign Trade Zone Project), VRDN, 1.40% due

AAA	Aaa	5,000	New Jersey EDA, Lease Revenue Bonds (Universi
			Dentistry--International Center for Public He
			6% due 6/01/2032 (a)

A1+	VMIG1@	1,000	New Jersey EDA, Natural Gas Facilities Revenue
			Project), VRDN, AMT, Series A, 1.45% due 6/01

Portfolio Abbreviations

To simplify the listings of MuniHoldings New Jersey Insured Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list at right.

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDA	Economic Development Authority
GO	General Obligation Bonds
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
VRDN	Variable Rate Demand Notes

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SCHEDULE OF INVESTMENTS (continued)

(in Thousands)

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STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
New Jersey (continued)	AAA	Aaa	\$18,920	New Jersey EDA, Natural Gas Facilities Revenue (NUI Corporation Projects), Series A, 5.70%
	A1+	VMIG1@	100	(New Jersey Natural Gas Co. Project), VRDN, due 8/01/2030 (a) (g)
	NR*	Aaa	3,155	RIB, Series 161, 9.82% due 6/01/2032 (d) (f)
				New Jersey EDA, Parking Facility Revenue Bond Company Project) (b):
	AAA	Aaa	1,430	5.60% due 10/15/2019
	AAA	Aaa	1,000	5.60% due 10/15/2026
	AAA	NR*	4,580	New Jersey EDA, Revenue Bonds, DRIVERS, Series due 5/01/2016 (c) (f)
				New Jersey EDA, School Facilities Construction Series A (a):
	AAA	Aaa	1,100	5.125% due 6/15/2014
	AAA	Aaa	7,000	5.25% due 6/15/2017
	AAA	Aaa	7,200	5.25% due 6/15/2018
				New Jersey EDA, State Lease Revenue Bonds (St Projects) (a):
	AAA	Aaa	3,000	6% due 6/15/2015
	AAA	Aaa	4,620	6.25% due 6/15/2020
				New Jersey EDA, Water Facilities Revenue Refu of New Jersey Inc. Project), VRDN (a) (g):
	A1+	VMIG1@	3,400	AMT, Series C, 1.50% due 11/01/2025
	A1+	VMIG1@	2,500	Series A, 1.45% due 11/01/2026
	AAA	Aaa	2,820	New Jersey Health Care Facilities Financing A (Society of the Valley Hospital), 5.375% due
				New Jersey Health Care Facilities Financing A Refunding Bonds:
	AAA	Aaa	4,000	(AHS Hospital Corporation), Series A, 6% due
	AAA	Aaa	1,000	(Meridian Health System Obligation Group),
	AAA	Aaa	2,400	New Jersey Sports and Exposition Authority, S Bonds, Series A, 6% due 3/01/2013 (d)
	A1+	VMIG1@	100	New Jersey Sports and Exposition Authority, S Bonds, VRDN, Series C, 1.10% due 9/01/2024 (d)
				New Jersey State Educational Facilities Autho (Capital Improvement Fund), Series A, 5.75%
	AAA	Aaa	8,905	(Capital Improvement Fund), Series A, 5.75%
	AAA	Aaa	9,420	(Princeton Theological), Series B, 5.90% du
	AAA	Aaa	2,000	(Trenton State College), Series A, 5.75% du
	AAA	Aaa	2,350	
				New Jersey State Educational Facilities Autho Bonds:
	AAA	Aaa	2,375	(Rowan University), Series C, 5.25% due 7/0
	AAA	Aaa	2,820	(Rowan University), Series C, 5.25% due 7/0
	AAA	Aaa	2,635	(Rowan University), Series C, 5.25% due 7/0
	AAA	Aaa	350	(Seton Hall University Project), Series A,

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AAA	Aaa	660	(Seton Hall University Project), Series A,
AAA	Aaa	4,000	(University of Medicine and Dentistry), Ser 12/01/2017 (a)

			New Jersey State Highway Authority, Garden St Revenue Refunding Bonds:
AAA	Aaa	3,200	5.75% due 1/01/2015 (b)
AA-	A1	1,900	5.625% due 1/01/2030

			New Jersey State Highway Authority, Garden St Revenue Refunding Bonds, Senior Parkway (b):
AAA	Aaa	2,000	5.25% due 1/01/2018
AAA	Aaa	3,085	5.25% due 1/01/2019

			New Jersey State Housing and Mortgage Finance Revenue Bonds (d):
AAA	Aaa	9,215	AMT, Series K, 6.375% due 10/01/2026
AAA	Aaa	1,555	AMT, Series M, 6.95% due 10/01/2022
AAA	Aaa	5,580	AMT, Series M, 7% due 10/01/2026
AAA	Aaa	1,000	AMT, Series U, 5.60% due 10/01/2012
AAA	Aaa	2,820	AMT, Series U, 5.65% due 10/01/2013
AAA	Aaa	3,000	AMT, Series U, 5.75% due 4/01/2018
AAA	Aaa	2,320	AMT, Series U, 5.85% due 4/01/2029
AAA	Aaa	2,540	Series L, 6.65% due 10/01/2014

			New Jersey State Housing and Mortgage Finance Revenue Refunding Bonds, AMT, Series S (d):
AAA	Aaa	2,440	5.95% due 10/01/2017
AAA	Aaa	2,050	6.05% due 10/01/2028

			New Jersey State Transit Corporation, COP (Fe Administration Grants), Series A (a):
AAA	Aaa	4,000	6% due 9/15/2013
AAA	Aaa	5,000	6.125% due 9/15/2015

			New Jersey State Transportation Trust Fund Au System Revenue Bonds, Series A:
AAA	Aaa	4,265	6% due 6/15/2010 (c) (e)
AA	Aa2	7,740	6% due 6/15/2010 (e)
AA	Aa2	7,500	6% due 6/15/2010 (e) (h)
AAA	Aaa	2,000	5% due 6/15/2015 (c)
AAA	NR*	10,000	5.25% due 6/15/2015 (d)
AAA	Aaa	3,000	5.75% due 6/15/2015 (d)

			New Jersey State Transportation Trust Fund Au System Revenue Refunding Bonds, Series B:
AAA	Aaa	2,500	6% due 12/15/2017 (d)
AAA	Aaa	7,440	6% due 12/15/2019

AAA	Aaa	6,605	New Jersey State Transportation Trust Fund, T Authority Revenue Refunding Bonds, Series B,

			New Jersey State Turnpike Authority, Turnpike Bonds (d):
AAA	Aaa	20,000	Series A, 5.75% due 1/01/2019
AAA	Aaa	5,520	Series C, 6.50% due 1/01/2016

			North Bergen Township, New Jersey, Board of E
NR*	Aaa	1,250	5% due 12/15/2018
NR*	Aaa	1,000	6% due 12/15/2019
NR*	Aaa	1,580	6.25% due 12/15/2020
NR*	Aaa	1,680	6.25% due 12/15/2021

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 NR* Aaa 3,035 Orange Township, New Jersey, Municipal Utilities
 Refunding, Series C, 5.10% due 12/01/2017 (d)

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SCHEDULE OF INVESTMENTS (concluded)

(in Thousands)

STATE	S&P Ratings	Moody's Ratings	Face Amount	Issue
New Jersey (concluded)				Passaic County, New Jersey, GO, Refunding (c)
	NR*	Aaa	\$ 2,080	5.25% due 6/01/2013
	NR*	Aaa	2,170	5.25% due 6/01/2014
	NR*	Aaa	2,360	5.25% due 6/01/2015
	NR*	Aaa	2,350	5.25% due 6/01/2016
				Paterson, New Jersey, Public School District,
	NR*	Aaa	1,980	6.125% due 11/01/2015
	NR*	Aaa	2,000	6.25% due 11/01/2019
				Salem County, New Jersey, Industrial Pollution
				Authority Revenue Refunding Bonds:
	AAA	Aaa	5,000	(Atlantic City Electric Company), 6.15% due
	AAA	Aaa	2,000	(Public Service Electric & Gas), Series C,
	AAA	Aaa	2,565	South Jersey Transportation Authority, New Jersey
				System Revenue Refunding Bonds, 5.25% due 11/
	AAA	Aaa	4,325	Trenton, New Jersey, Parking Authority, Parki
			DRIVERS, Series 221, 10.76% due 4/01/2010 (b)	
			West Deptford Township, New Jersey, GO (b):	
NR*	Aaa	4,170	5.625% due 9/01/2026	
NR*	Aaa	4,410	5.625% due 9/01/2027	
NR*	Aaa	3,615	5.625% due 9/01/2028	
NR*	Aaa	4,940	5.625% due 9/01/2029	
			West Orange, New Jersey, Board of Education,	
NR*	Aaa	2,040	5.75% due 10/01/2014	
NR*	Aaa	3,615	6% due 10/01/2024	
AAA	Aaa	1,600	West Windsor-Plainsboro, New Jersey, Regional	
			5.50% due 12/01/2013 (b)	
New York--5.8%	AAA	Aaa	4,750	Port Authority of New York and New Jersey, Co
			Refunding Bonds, AMT, 119th Series, 5.50% due	
			Port Authority of New York and New Jersey, Sp	
			Bonds, AMT (d):	
AAA	NR*	2,375	DRIVERS, Series 192, 10.02% due 12/01/2025	
NR*	Aaa	2,165	(JFK International Air Terminal LLC), RIB,	
			12/01/2022 (f)	

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	AAA	Aaa	13,500	(JFK International Air Terminal--Special Pr due 12/01/2011
	AAA	Aaa	1,500	(JFK International Airport Terminal), Serie
				Port Authority of New York and New Jersey, Sp
				Refunding Bonds (Versatile Structure Obligati
	A1+	VMIG1@	1,100	Series 2, 1.55% due 5/01/2019
	A1+	VMIG1@	800	Series 3, 1.55% due 6/01/2020
	A1+	VMIG1@	500	Series 5, 1.55% due 8/01/2024
Puerto Rico--5.9%	NR*	Aaa	7,875	Puerto Rico Commonwealth, GO, RIB, Series 365 due 7/01/2005 (d) (e) (f)
	A	Baa1	6,000	Puerto Rico Commonwealth Highway and Transpor Transportation Revenue Bonds, Series B, 6% du
	AAA	Aaa	2,355	Puerto Rico Electric Power Authority, Power R 5.50% due 7/01/2025 (d)
				Puerto Rico Industrial Tourist, Educational, Control Facilities Revenue Bonds, Series A:
	AAA	Aaa	1,780	(Hospital Auxilio Mutuo Obligation Group),
	AA	Aa2	1,750	(Hospital de la Concepcion), 6.50% due 11/1
	AAA	Aaa	7,120	Puerto Rico Public Financing Corporation Reve Appropriation), Series A, 5.50% due 8/01/2019
Total Investments (Cost--\$482,283)--98.8%				
Variation Margin on Financial Futures Contracts**--0.0%				
Other Assets Less Liabilities--1.2%				
Net Assets--100.0%				

- (a) AMBAC Insured.
 (b) FGIC Insured.
 (c) FSA Insured.
 (d) MBIA Insured.
 (e) Prerefunded.
 (f) The interest rate is subject to change periodically and inversely based upon prevailing market rates. The interest rate shown is the rate in effect at January 31, 2002.
 (g) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at January 31, 2002.
 (h) All or a portion of security held as collateral in connection with open financial futures contracts.
 @ Highest short-term rating by Moody's Investors Service, Inc.
 * Not Rated.
 ** Financial futures contracts sold as of January 31, 2002 were as follows:

Number of Contracts	Issue	Expiration Date	Value
235	US Treasury Bonds	March 2002	\$24,880,625

Total Financial Futures Contracts Sold

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(Total Contract Price--\$24,994,453)

\$24,880,625

=====

See Notes to Financial Statements.

Quality Profile

The quality ratings of securities in the Fund as of January 31, 2002 were as follows:

S&P Rating/Moody's Rating	Percent of Net Assets
AAA/Aaa	90.6%
AA/Aa	4.2
A/A	1.2
Other*	2.8

* Temporary investments in short-term municipal securities.

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MuniHoldings New Jersey Insured Fund, Inc., January 31, 2002

STATEMENT OF ASSETS, LIABILITIES AND CAPITAL

As of January 31, 2002

Assets:	Investments, at value (identified cost--\$482,283,396)
	Cash
	Receivables:
	Interest
	Securities sold
	Variation margin
	Prepaid expenses and other assets
	Total assets
Liabilities:	Payables:
	Dividends to shareholders
	Investment adviser
	Accrued expenses
	Total liabilities
Net Assets:	Net assets
Capital:	Capital Stock (200,000,000 shares authorized):
	Preferred Stock, par value \$.10 per share (8,120 shares of AMPS*

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issued and outstanding at \$25,000 per share liquidation preference)	
Common Stock, par value \$.10 per share (21,038,614 shares issued and outstanding)	
Paid-in capital in excess of par	
Undistributed investment income--net	
Accumulated realized capital losses on investments--net	
Unrealized appreciation on investments--net	
Total--Equivalent to \$14.47 net asset value per share of Common Stock (market price--\$13.95)	
Total capital	

* Auction Market Preferred Stock.

See Notes to Financial Statements.

STATEMENT OF OPERATIONS

For the Six Months Ended January 31, 2002

Investment Income:	Interest	
Expenses:	Investment advisory fees	\$ 1,412,937
	Commission fees	257,556
	Accounting services	87,535
	Reorganization expenses	74,780
	Professional fees	48,826
	Transfer agent fees	32,849
	Printing and shareholder reports	18,137
	Custodian fees	18,016
	Listing fees	17,443
	Directors' fees and expenses	15,056
	Pricing fees	11,306
	Other	21,289
	Total expenses before reimbursement	2,015,730
	Reimbursement of expenses	(117,154)
	Total expenses after reimbursement	
	Investment income--net	
Realized & Unrealized Gain (Loss) On Investments--Net:	Realized gain on investments--net	
	Change in unrealized appreciation on investments--net ..	
	Net Increase in Net Assets Resulting from Operations ...	

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

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Increase (Decrease) in Net Assets:	
=====	
Operations:	Investment income--net
	Realized gain (loss) on investments--net
	Change in unrealized appreciation/depreciation on investments--net
	Net increase in net assets resulting from operations
=====	
Dividends to Shareholders:	Investment income--net:
	Common Stock
	Preferred Stock
	Net decrease in net assets resulting from dividends to shareholders
=====	
Capital Stock Transactions:	Proceeds from issuance of Common Stock resulting from reorganization
	Proceeds from issuance of Preferred Stock resulting from reorganization
	Offering costs resulting from the initial issuance of Common Stock
	Write-off of offering costs resulting from the initial issuance of Preferred Stock
	Net increase in net assets derived from capital stock transactions
=====	
Net Assets:	Total increase (decrease) in net assets
	Beginning of period
	End of period*
=====	
	* Undistributed investment income--net
=====	

See Notes to Financial Statements.

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MuniHoldings New Jersey Insured Fund, Inc., January 31, 2002

FINANCIAL HIGHLIGHTS

The following per share data and ratios have been derived from information provided in the financial statements.		For the Six Months Ended January 31, 2002	For the Six Months Ended January 31, 2001	For the Six Months Ended January 31, 2000
Increase (Decrease) in Net Asset Value:				
=====				
Per Share	Net asset value, beginning of period	\$ 14.54	\$ 13.14	\$ 11.84

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Operating		-----	-----	-----
Performance:	Investment income--net54	1.08	
	Realized and unrealized gain (loss) on investments--net	(.09)	1.39	
	Total from investment operations45	2.47	
	Less dividends and distributions to Common Stock shareholders:			
	Investment income--net	(.43)	(.73)	
	Realized gain on investments--net	--	--	
	In excess of realized gain on investments--net	--	--	
	Total dividends and distributions to Common Stock shareholders	(.43)	(.73)	
	Capital charge resulting from issuance of Common Stock	--	--@	
	Effect of Preferred Stock:			
	Dividends and distributions to Preferred Stock shareholders:			
	Investment income--net	(.09)	(.34)	
	Realized gain on investments--net	--	--	
	Capital write-off (charge) resulting from issuance of Preferred Stock	--	--@	
	Total effect of Preferred Stock	(.09)	(.34)	
	Net asset value, end of period	\$ 14.47	\$ 14.54	\$
	Market price per share, end of period	\$ 13.95	\$ 12.64	\$1
=====				
Total Investment	Based on market price per share	13.88%@	14.60%	
Return:**	Based on net asset value per share	2.69%@	17.26%	
=====				
Ratios Based on	Total expenses, net of reimbursement			
Average Net	and excluding reorganization expenses*** ...	1.18%*	1.18%	
Assets of Common		=====	=====	=====
Stock:	Total expenses, net of reimbursement***	1.23%*	1.18%	
		=====	=====	=====
	Total expenses***	1.30%*	1.29%	
		=====	=====	=====
	Total investment income--net***	7.23%*	7.72%	
		=====	=====	=====
	Amount of dividends to Preferred Stock shareholders	1.18%*	2.43%	
		=====	=====	=====
	Investment income--net, to Common Stock shareholders	6.04%*	5.29%	
		=====	=====	=====
=====				
Ratios Based on	Total expenses, net of reimbursement			
Total Average	and excluding reorganization expenses71%*	.69%	
Net Assets:*****		=====	=====	=====
	Total expenses, net of reimbursement74%*	.69%	
		=====	=====	=====
	Total expenses78%*	.76%	

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	Total investment income--net	4.35%*	4.53%	
=====				
Ratios Based on Average Net Assets of Preferred Stock:	Dividends to Preferred Stock shareholders ..	1.79%*	3.46%	
=====				
Supplemental Data:	Net assets, net of Preferred Stock, end of period (in thousands)	\$304,343	\$305,913	\$2
	Preferred Stock outstanding, end of period (in thousands)	\$203,000	\$203,000	\$1
	Portfolio turnover	12.57%	55.60%	1
=====				
Leverage:	Asset coverage per \$1,000	\$ 2,499	\$ 2,507	\$
=====				
Dividends Per Share On Preferred Stock Outstanding:++	Series A--Investment income--net	\$ 211	\$ 830	\$
	Series B--Investment income--net	\$ 228	\$ 872	\$
	Series C--Investment income--net	\$ 235	\$ 871	\$
	Series D--Investment income--net	\$ 215	\$ 901	\$
	Series E--Investment income--net	\$ 235	\$ 310	\$
=====				

* Annualized.

** Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

*** Includes Common and Preferred Stock average net assets.

+ Commencement of operations.

++ The Fund's Preferred Stock was issued on October 19, 1998 (Series A and B), March 6, 2000 (Series C and D), and March 5, 2001 (Series E).

+++ Do not reflect the effect of dividends to Preferred Stock shareholders.

@ Aggregate total investment return.

@@ Amount is less than \$.01 per share.

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:

MuniHoldings New Jersey Insured Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common

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Stock on a weekly basis. The Fund's Common Stock is listed on the New York Stock Exchange under the symbol MUJ. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments--Municipal bonds are traded primarily in the over-the-counter markets and are valued at the most recent bid price or yield equivalent as obtained by the Fund's pricing service from dealers that make markets in such securities. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the over-the-counter market, valuation is the last asked price (options written) or the last bid price (options purchased). Securities with remaining maturities of sixty days or less are valued at amortized cost, which approximates market value. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including valuations furnished by a pricing service retained

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MuniHoldings New Jersey Insured Fund, Inc., January 31, 2002

NOTES TO FINANCIAL STATEMENTS (concluded)

by the Fund, which may utilize a matrix system for valuations. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general supervision of the Board of Directors.

(b) Derivative financial instruments--The Fund may engage in various portfolio investment strategies to increase or decrease the level of risk to which the Fund is exposed more quickly and efficiently than transactions in other types of instruments. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts--The Fund may purchase or sell financial futures contracts and options on such futures contracts for the purpose of hedging the market risk on existing securities or the intended purchase of securities. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

o Options--The Fund is authorized to write covered call options and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written.

When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of

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the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

(c) Income taxes--It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required.

(d) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Interest income is recognized on the accrual basis.

(e) Dividends and distributions--Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

(f) Offering expenses--During the year ended July 31, 2001, underestimated offering expenses resulting from the initial issuance of Common Stock and overestimated offering expenses resulting from the initial issuance of Preferred Stock were charged to and written off to paid-in capital in excess of par, respectively.

2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .55% of the Fund's average weekly net assets, including proceeds from the issuance of Preferred Stock. For the six months ended January 31, 2002, FAM earned fees of \$1,412,937, of which \$117,154 was waived.

For the six months ended January 31, 2002, the Fund reimbursed FAM \$11,302 for certain accounting services.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, and/or ML & Co.

3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended January 31, 2002 were \$62,786,540 and \$73,641,161, respectively.

Net realized gains for the six months ended January 31, 2002 and net unrealized gains as of January 31, 2002 were as follows:

	Realized Gains	Unrealized Gains
Long-term investments	\$1,265,977	\$18,811,608
Financial futures contracts	--	113,828
Total	\$1,265,977	\$18,925,436
	=====	=====

As of January 31, 2002, net unrealized appreciation for Federal income tax purposes aggregated \$18,811,608, of which \$19,186,861 related to appreciated securities and \$375,253 related to depreciated securities. The aggregate cost of investments at January 31, 2002 for Federal income tax purposes was \$482,283,396.

4. Capital Stock Transactions:

The Fund is authorized to issue 200,000,000 shares of capital stock, including Preferred Stock, par value \$.10 per share, all of which were initially classified as Common Stock. The Board of Directors is authorized, however, to reclassify any unissued shares of capital stock without approval of holders of Common Stock.

Common Stock

Shares issued and outstanding during the six months ended January 31, 2002 remained constant and during the year ended July 31, 2001 increased by 3,221,459 as a result of reorganization.

Preferred Stock

Auction Market Preferred Stock ("AMPS") are shares of Preferred Stock of the Fund, with a par value of \$.10 per share and a liquidation preference of \$25,000 per share, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at January 31, 2002 were Series A, 1.40%; Series B, 1%; Series C, 1.40%; Series D, .94% and Series E, 1.10%.

Shares issued and outstanding during the six months ended January 31, 2002 remained constant and during the year ended July 31, 2001 increased by 1,120 as a result of reorganization.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the six months ended January 31, 2002, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned \$142,186 as commissions.

5. Capital Loss Carryforward:

At July 31, 2001, the Fund had a net capital loss carryforward of approximately \$35,967,000, of which \$3,352,000 expires in 2006, \$4,023,000 expires in 2007, \$1,794,000 expires in 2008 and \$26,798,000 expires in 2009. This amount will be available to offset like amounts of any future taxable gains.

6. Subsequent Event:

On February 7, 2002, the Fund's Board of Directors declared an ordinary income dividend to Common Stock shareholders in the amount of \$.073000 per share, payable on February 27, 2002 to shareholders of record as of February 15, 2002.

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The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more consistent yield to the current trading price of shares of Common Stock of the Fund, the Fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets, Liabilities and Capital, which comprises part of the financial information included in this report.

OFFICERS AND DIRECTORS

Terry K. Glenn, President and Director
Ronald W. Forbes, Director
Cynthia A. Montgomery, Director
Charles C. Reilly, Director
Kevin A. Ryan, Director
Roscoe S. Suddarth, Director
Richard R. West, Director
Edward D. Zinbarg, Director
Kenneth A. Jacob, Senior Vice President
John M. Loffredo, Senior Vice President
Robert D. Sneed, Vice President
Donald C. Burke, Vice President and Treasurer
Alice A. Pellegrino, Secretary

Vincent R. Giordano, Senior Vice President of MuniHoldings New Jersey Insured Fund, Inc., has recently retired. The Fund's Board of Directors wishes Mr. Giordano well in his retirement.

Custodian

The Bank of New York
90 Washington Street
New York, NY 10286

Transfer Agents

Common Stock:

The Bank of New York
101 Barclay Street
New York, NY 10286

Preferred Stock:

The Bank of New York
100 Church Street
New York, NY 10286

NYSE Symbol

MUJ

[GRAPHIC OMITTED]

MuniHoldings New Jersey Insured Fund, Inc. seeks to provide shareholders with current income exempt from Federal income tax and New Jersey personal income taxes by investing in a portfolio of long-term, investment-grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from Federal income tax and New Jersey personal income taxes.

This report, including the financial information herein, is transmitted to shareholders of MuniHoldings New Jersey Insured Fund, Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund has leveraged its Common Stock and intends to remain leveraged by issuing Preferred Stock to provide the Common Stock shareholders with a potentially higher rate of return. Leverage creates risks for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of shares of the Common Stock, and the risk that fluctuations in the short-term dividend rates of the Preferred Stock may affect the yield to Common Stock shareholders. Statements and other information herein are as dated and are subject to change.

MuniHoldings New Jersey Insured Fund, Inc.
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